

Consolidated Financial Results

For the first quarter of the fiscal year ending March 31, 2026 [JGAAP]

July 31, 2025

Company name:	ZOZO, Inc.	Listed stock exchanges	Tokyo
Code	3092	URL	https://corp.zozo.com/en/
Representative	Representative Director, President & CEO	Kotaro Sawada	
Contact person	Director, Executive Vice President & CFO	Koji Yanagisawa	(TEL) 043(213)5171
Scheduled date of dividend payment	-		
Supplementary material for quarterly financial results	:	Yes	
Quarterly results briefing	:	Yes	(For analysts and institutional investors)

(Rounded down to million yen)

1. Consolidated business results for the first quarter of the fiscal year ending March 31, 2026 (April 1, 2025 to June 30, 2025)

(1) Consolidated business results (cumulative)

(Percentages indicate YoY changes)

	Net sales		Operating profit		EBITDA		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of fiscal year ending March 31, 2026	54,028	7.2	16,920	6.4	18,577	8.9	16,638	4.7	11,376	2.4
First quarter of fiscal year ended March 31, 2025	50,387	9.8	15,895	0.2	17,060	3.3	15,892	-0.3	11,109	-0.8

(Note)

1. Comprehensive income	First quarter of fiscal year ending March 2026	12,332 Million yen	(9.3%)
	First quarter of fiscal year ended March 2025	11,278 Million yen	(-1.0%)

2. EBITDA = Operating profit + stock compensation expenses + depreciation + amortization of goodwill

	Earnings per share	Diluted earnings per share
	Yen	Yen
First quarter of fiscal year ending March 31, 2026	12.79	-
First quarter of fiscal year ended March 31, 2025	12.47	-

(Note)

1. Fully diluted earnings per share are not presented because there were no dilutive potential shares.
2. On April 1, 2025, the Company conducted a three-for-one stock split of common stock. Earnings per share have been calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity Ratio
	Million yen	Million yen	%
First quarter of fiscal year ending March 31, 2026	167,576	88,327	52.7
Fiscal year ended March 31, 2025	187,810	98,719	52.6

(Reference) Shareholders' equity	First quarter of fiscal year ending March 31, 2026	88,327 Million yen	
	Fiscal year ended March 31, 2025	98,719 Million yen	

2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Year-end	Total
Fiscal year ended March 31, 2025	Yen -	Yen 53.00	Yen -	Yen 54.00	Yen 107.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		19.00	-	20.00	39.00

(Note)

1. Revisions to the dividends forecasts most recently announced: None

2. On April 1, 2025, the Company conducted a three-for-one stock split of common stock. The amount of annual dividends for the fiscal year ending March 31, 2026 (forecast) is presented on a post-stock-split basis.

3. Consolidated business forecasts for the fiscal year ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate YoY changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net sales		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Fiscal year ending March 31, 2026	231,500	8.6	69,200	6.9	76,700	9.9	69,100	6.5	47,800	5.4	53.66

(Note) Revisions to the consolidated business forecasts most recently announced: Yes

※ Notes

- (1) Significant changes in the scope of consolidation during the consolidated cumulative first quarter of the current fiscal year : Yes

New LYST LTD
ZOZO U.K. LIMITED Exclusion -

- (2) Application of particular accounting procedures to the preparation of quarterly consolidated financial statements : None

- (3) Changes in accounting policies and changes or restatement of accounting estimates

- ① Changes in accounting policies caused by the revision of accounting standards : None
② Changes in accounting policies other than ① : None
③ Changes in accounting estimates : None
④ Restatement of revisions : None

- (4) Number of shares outstanding (Common stock)

① Year-end shares outstanding (including treasury stock)	Q1 of fiscal year ending March 2026	892,032,372Shares	Fiscal year ended March 2025	901,422,543Shares
② Number of year-end treasury shares	Q1 of fiscal year ending March 2026	5,565,638Shares	Fiscal year ended March 2025	10,560,621Shares
③ Average number of shares during the period (cumulative)	Q1 of fiscal year ending March 2026	889,204,909Shares	Q1 of fiscal year ended March 2025	890,852,790Shares

(Note) On April 1, 2025, the Company conducted a three-for-one stock split of common stock. Shares outstanding (common stock) have been calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

- ※ Review of the quarterly consolidated financial statements by a certified public accountant or auditing firm: None
※ Explanations and other special notes concerning the appropriate use of business forecasts

(Regarding the review of the quarterly consolidated financial statements by a certified public accountant or auditing firm)

The Company plans to disclose the quarterly financial statements with the review report after the review is completed. Scheduled date of disclosure: August 8, 2025

-The business forecasts and other statements related to the future contained in this material are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ materially from these forecasts due to various factors. Please refer to “1. Qualitative information on results for the first quarter ended June 30, 2025, (3) Explanation of consolidated business forecast and other forward-looking statements” on page 11 for the assumptions underlying the forecasts and cautionary statements regarding the use of the forecasts.

-We are scheduling a financial results briefing for institutional investors and analysts on July 31, 2025. We will post the content of the briefing and the materials used on the day on its website promptly after the briefing.

-The quarterly consolidated financial statements are prepared in accordance with Article 4, Paragraph 1 of the Rules for Preparing Quarterly Financial Statements, etc., of the Tokyo Stock Exchange, as well as the accounting standards for quarterly financial statements generally accepted in Japan (with certain disclosures omitted in accordance with Article 4, Paragraph 2 of the Rules for Preparing Quarterly Financial Statements, etc.).

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1. Qualitative information on results for the first quarter ended June 30, 2025

(1) Overview of business results

Business results for the current fiscal year

[Table 1] YoY comparison

(Unit: Million yen)

	Consolidated cumulative first quarter of previous fiscal year (April 1 to June 30, 2024)		Consolidated cumulative first quarter of current fiscal year (April 1 to June 30, 2025)		YoY basis
Gross merchandise value	141,885	(107.0%)	159,263	(106.8%)	12.2%
Gross merchandise value (excluding other GMV)	132,631	(100.0%)	149,100	(100.0%)	12.4%
Net sales	50,387	(38.0%)	54,028	(36.2%)	7.2%
Gross profit	46,956	(35.4%)	50,765	(34.0%)	8.1%
Operating profit	15,895	(12.0%)	16,920	(11.3%)	6.4%
EBITDA (Note) 2	17,060	(12.9%)	18,577	(12.5%)	8.9%
Ordinary profit	15,892	(12.0%)	16,638	(11.2%)	4.7%
Profit attributable to owners of parent	11,109	(8.4%)	11,376	(7.6%)	2.4%

(Note)

1. Figures in parentheses are percentages of gross merchandise value (excluding other GMV)

2. EBITDA = Operating profit + stock compensation expenses + depreciation + amortization of goodwill

Under the corporate philosophy of “Inspire the world. Deliver joy every day,” we mainly operate the following businesses: the largest fashion e-commerce website in Japan, “ZOZOTOWN,” and an outfit-sharing app, “WEAR by ZOZO.”

During the consolidated cumulative first quarter, although prices continued to rise, wage hikes and other factors supported domestic demand, and consumer willingness to spend on fashion remained strong. In contrast, the economic outlook remains uncertain due to the ongoing geopolitical risks, exchange rate fluctuations, and rising resource prices.

Under these circumstances, our group has been focusing on making ZOZOTOWN even more attractive to both users and brands with the goal of increasing the number of unique users and improving the conversion rate (the purchasing rate of unique users). To maximize sales at ZOZOTOWN, we have implemented measures such as the sale event “ZOZOWEEK” (11 days in total, from May 15 to 25, 2025) and run TV commercials and web advertisements to attract customers at the beginning of the summer sale event (June 25, 2025~). In addition, we continued to proactively welcome new brands in a wide range of genres to meet the diversifying needs of users. As an initiative to strengthen a specific category, we have been concentrating on “ZOZOCOSME.” As a value-added service unique to the Company, we aim to offer solutions that help users discover their “style” by addressing the upstream of purchasing behavior. To this end, we are developing a proprietary AI agent that leverages the extensive fashion-related data we have accumulated over the years.

Sales of LY Corporation Commerce (combined sales of “Yahoo! JAPAN Shopping” and “Yahoo! JAPAN Auction”) have been growing steadily due to the retention of new customers acquired in the previous consolidated fiscal year, and promotion activities such as “Serious ZOZO Festival” (3 days in total, May 17 to 18, June 15, 2025) as well as customer attraction efforts by LY Corporation which operates those malls.

As part of our global expansion, we acquired all shares of LYST LTD (hereinafter “LYST”), the operator of the fashion shopping platform “Lyst,” on April 18, 2025, making it a wholly owned subsidiary. LYST has been consolidated into our financial reporting since May 2025. Going forward, we will position LYST as a central pillar and aim for discontinuous growth in the global market.

Consequently, the gross merchandise value in the consolidated cumulative first quarter was 159,263 million yen (+12.2% YoY), and the gross merchandise value (excluding other GMV) was 149,100 yen (+12.4% YoY). Net sales were 54,028 million yen (+7.2% YoY), and gross profit was 50,765 million yen (+8.1% YoY). The gross profit ratio to the gross merchandise value (excluding other GMV) (gross profit margin) was 34.0%, a decrease of 1.4% from the same quarter of the previous fiscal year.

As for net sales, the YoY growth rate was lower than that of the gross merchandise value (excluding other GMV), mainly

due to the change in business composition ratio resulting from the consolidation of LYST. LYST operates a business model in which it earns performance-based commissions from partner brands that list their products on the LYST platform. Compared to Consignment sales and the LY Corporation Commerce, LYST has a lower commission rate on gross merchandise value.

As mentioned in the sales part, the main factor in the decreased gross profit margin was due to the change in business composition ratio resulting from the consolidation of LYST.

Selling, general, and administrative expenses were 33,845 million yen (+9.0% YoY). The ratio to the gross merchandise value (excluding other GMV) was 22.7%, a decrease of 0.7% compared with the same quarter of the previous fiscal year. With the consolidation of LYST, gross merchandise value increased. However, LYST operates under an affiliate-based business model, which does not incur logistics-related expenses, shipping expenses, or commission of payment collection. Additionally, rent expenses and other operating costs are limited. As a result, the consolidated SG&A-to-GMV ratio has generally declined. The major factors behind the changes in individual expense items are as follows. All the percentages of the gross merchandise value are calculated by dividing each SG&A expense by the gross merchandise value (excluding other GMV):

Increasing (worsening) factors

1. Advertising expenses as a percentage of gross merchandise value rose by 0.5%, due to advertising expenses incurred by LYST (of which advertising expenses account for a large proportion of its SG&A expenses) and an increase in web advertising expenses at ZOZOTOWN, etc.
2. Amortization of goodwill as a percentage of gross merchandise value rose by 0.3%, due to the consolidation of LYST.

Decreasing (improving) factors

1. Logistics-related expenses as a percentage of gross merchandise value declined by 0.6%, due to the expansion of the scope of consolidation and improvements in operational efficiency at logistics centers, etc.
2. Shipping expenses as a percentage of gross merchandise value declined by 0.6%, due to the expansion of the scope of consolidation and higher average order value compared to the same quarter of the previous fiscal year.

Consequently, the EBITDA of the consolidated cumulative first quarter was 18,577 million yen (+8.9% YoY), and the EBITDA margin was 12.5% of the gross merchandise value (excluding other GMV), a decrease of 0.4% compared with the same quarter of the previous fiscal year. Operating profit was 16,920 million yen (+6.4% YoY), Ordinary profit was 16,638 million yen (+4.7% YoY), and profit attributable to owners of parent was 11,376 million yen (+2.4% YoY).

As for ordinary profit, the year-on-year growth rate was lower than that of operating profit, mainly due to an increase in non-operating expenses caused by increased foreign exchange losses.

Since our group is a single segment of the e-commerce business, information by segment is omitted. However, the performance of each business segment within the single segment is shown below.

[Table 2] YoY comparison by business segment

By business segment	Consolidated cumulative first quarter of previous fiscal year (April 1 to June 30, 2024)			Consolidated cumulative first quarter of current fiscal year (April 1 to June 30, 2025)			Merchandise Value YoY (%)	Net sales YoY (%)
	Merchandise value (Million yen)	Compositi on (%)	Net sales (Million yen)	Merchandise Value (Million yen)	Compositi on (%)	Net sales (Million yen)		
ZOZOTOWN Business	115,037	81.1	36,239	121,670	76.4	37,485	5.8	3.4
(Outright purchase/ production & sales)	1,221	0.9	1,180	834	0.5	790	-31.7	-33.1
(Consignment Sales)	109,542	77.2	30,922	116,237	73.0	32,266	6.1	4.3
(USED Sales)	4,273	3.0	4,137	4,598	2.9	4,428	7.6	7.0
LY Corporation Commerce	14,429	10.2	4,431	17,606	11.1	5,398	22.0	21.8
LYST	-	-	-	7,562	4.7	1,017	-	-
BtoB business	3,164	2.2	518	2,260	1.4	373	-28.6	-27.9
Advertising business	-	-	2,658	-	-	2,907	-	9.3
Subtotal excluding Others	132,631	93.5	43,848	149,100	93.6	47,181	12.4	7.6
Others	9,254	6.5	6,539	10,162	6.4	6,846	9.8	4.7
Total	141,885	100.0	50,387	159,263	100.0	54,028	12.2	7.2

① ZOZOTOWN business

The ZOZOTOWN Business consists of three business forms: "Outright purchase/production & sales," "Consignment sales," and "USED sales." In Outright purchase/production & sales, we purchase inventory, bear inventory risks, and make sales. This corresponds to purchasing fashion merchandise from each brand, or ordering merchandise by our group, such as MS (Multi-Size), etc. In Consignment sales, we deal in consignment inventories of merchandise from each brand and sell them on a consignment basis. In USED sales, we mainly buy and sell used fashion-related merchandise from individual users, and it is positioned as a value-added service to promote the purchase of new merchandise.

We recognize that increasing the number of buyers and the usage rate of ZOZOTOWN in fashion consumption are the key factors in achieving sustainable growth. To realize this, we are working on creating a website that is attractive to both users and brands.

The transition of major KPIs for the ZOZOTOWN Business is as follows.

(Number of shops, etc.)

[Table 3] Changes in the number of shops and brands

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Shops in ZOZOTOWN (Note) 1	1,605	1,621	1,656	1,649	1,681	-	-	-
Outright purchase/production & sales (Note) 2	29	31	30	29	29	-	-	-
Consignment sales	1,576	1,590	1,626	1,620	1,652	-	-	-
Number of brands (Note) 1, 2	9,194	9,128	9,162	9,049	9,208	-	-	-

(Note)

1. Numbers as of the end of the quarterly accounting period are shown.

2. Private brand "ZOZO" and "Multi-size" are not included.

The number of new shops opened during the first quarter consolidated accounting period was 43 (a net increase of 32). Major new shops include the Korean fashion e-commerce brands "aeae" and "SCULPTOR," the Japanese home appliance brand "Cado," and the New York-based makeup brand "MAYBELLINE NEWYORK."

(Number of annual buyers)

[Table 4] Changes in the number of annual buyers

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Number of annual buyers (Note) 1, 2, 4	11,790,269	11,870,844	12,057,726	12,217,038	12,365,080	-	-	-
(YoY)	319,677	318,080	366,768	535,820	574,811	-	-	-
(QoQ)	109,051	80,575	186,882	159,312	148,042	-	-	-
Number of active members (Note) 1, 3, 4	10,919,685	11,028,704	11,211,992	11,403,391	11,587,777	-	-	-
(YoY)	567,434	512,794	472,746	613,394	668,092	-	-	-
(QoQ)	129,688	109,019	183,288	191,399	184,386	-	-	-
Number of guest buyers (Note) 1, 4	870,584	842,140	845,734	813,647	777,303	-	-	-
(YoY)	-247,757	-194,714	-105,978	-77,574	-93,281	-	-	-
(QoQ)	-20,637	-28,444	3,594	-32,087	-36,344	-	-	-

(Note)

1. The calculation period is the most recent one-year period prior to the end of the accounting periods.
2. The number of annual buyers includes the sum of active members and guest buyers who made more than one purchase within the past year from each quarter.
3. The number of active members represents the number of members who have made at least one purchase within the past year.
4. Buyers of "LY Corporation Commerce", "BtoB business", and "LYST" are not included.

In the first quarter consolidated accounting period of the current fiscal year, the number of annual buyers increased, resulting from an increase in the number of active members YoY and QoQ. The growth in the number of active members is due to the retention of new members acquired in the previous fiscal year, as well as steady progress in new customer acquisition through web advertising and in-site initiatives on ZOZOTOWN. In particular, web advertising volume increased compared to the same quarter of the previous fiscal year, aimed at strengthening customer attraction efforts. As a result, our campaign targeting specific segments proved effective, delivering a higher return on investment than in the previous year.

(Annual purchase amount and annual purchase pieces)

[Table 5] Changes in the annual purchase amount and annual purchase pieces

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Annual purchase amount (Total) (Note) 1, 2, 3, 4	42,947	43,171	43,307	42,953	42,861	-	-	-
(YoY)	1.4%	1.8%	1.9%	0.3%	-0.2%	-	-	-
(QoQ)	0.3%	0.5%	0.3%	-0.8%	-0.2%	-	-	-
Annual purchase pieces (Total) (Note) 1, 2, 3	10.9	11.0	11.0	10.9	10.8	-	-	-
(YoY)	1.2%	2.0%	1.6%	0.0%	-1.0%	-	-	-
(QoQ)	0.6%	0.4%	0.0%	-1.0%	-0.4%	-	-	-

(Note)

1. The calculation period is the most recent one-year period prior to the end of the accounting periods.
2. Indexes for each active member.
3. Buyers of "LY Corporation Commerce", "BtoB business", and "LYST" are not included.
4. The amounts are in yen.

In the first quarter consolidated accounting period of the current fiscal year, the annual purchase amount (Total) and annual purchase pieces (Total) decreased YoY and QoQ. The main factor was an increase in the proportion of new members, driven by steady growth in new member acquisition. (Generally, members with shorter membership histories have lower annual purchase amounts and fewer purchase pieces.)

(Average retail price, etc.)

[Table 6] Changes in the average retail price, average order value, average purchase pieces per order, and number of shipments

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Average retail price (Note) 1, 2, 3	3,698	3,629	4,369	4,038	3,744	-	-	-
(YoY)	-0.7%	1.1%	0.2%	0.9%	1.2%	-	-	-
Average order value (Note) 1, 2, 3	8,343	8,196	9,422	8,980	8,543	-	-	-
(YoY)	2.0%	3.8%	3.3%	2.8%	2.4%	-	-	-
Average purchase pieces per order (Note) 1, 2	2.26	2.26	2.16	2.22	2.28	-	-	-
(YoY)	2.8%	2.7%	3.1%	1.9%	1.1%	-	-	-
Number of shipments (Note) 1, 2	13,788,498	13,471,252	15,518,943	13,393,189	14,242,174	-	-	-
(YoY)	4.1%	2.8%	3.5%	0.7%	3.3%	-	-	-

(Note)

- Figures are based on quarterly accounting periods.
- Buyers of "LY Corporation Commerce", "BtoB business", and "LYST" are not included.
- The amounts are in yen.

Regarding the average retail price during the first quarter consolidated accounting period of the current fiscal year, it increased compared to the same quarter of the previous fiscal year. This was mainly due to an increase in the sales composition ratio of relatively high-unit-price spring outerwear and similar items compared to the same period of the previous fiscal year, and a decline in the average discount rate on sale items, despite an increase in the proportion of sale items. For new merchandise, the upward trend in list prices set by brands has been largely stabilized.

The average order value increased YoY due to a rise in the number of items purchased per order. This increase was primarily attributed to the higher frequency of free shipping measures for purchases of 12,000 yen or more compared to the same quarter of the previous year, which led to a greater proportion of combined purchases on the days the measures were implemented. The number of shipments increased YoY, primarily due to factors such as growth in the number of annual buyers.

i. Outright Purchase/Production & Sales

In the consolidated cumulative first quarter of the current fiscal year, the merchandise value was 834 million yen (-31.7% YoY), accounting for 0.5% of the gross merchandise value (0.9% in the same quarter of the previous fiscal year). Net sales were 790 million yen (-33.1% YoY). As of the end of June 2025, the number of shops opened on ZOZOTOWN for Outright purchase/production & sales was 29 (29 as of the end of March 2025).

ii. Consignment Sales

In the consolidated cumulative first quarter of the current fiscal year, the merchandise value was 116,237 million yen (+6.1% YoY), accounting for 73.0% of the gross merchandise value (77.2% in the same quarter of the previous fiscal year). Net sales (consignment sales commission) were 32,266 million yen (+4.3% YoY). As of the end of June 2025, the number of shops opened on ZOZOTOWN for consignment sales was 1,652 (1,620 as of the end of March 2025).

iii. USED Sales

In the consolidated cumulative first quarter of the current fiscal year, the merchandise value was 4,598 million yen (+7.6% YoY), accounting for 2.9% of the gross merchandise value (3.0% in the same quarter of the previous fiscal year). Net sales were 4,428 million yen (+7.0% YoY).

② LY Corporation Commerce

LY Corporation Commerce is a combined sales of Yahoo! JAPAN Shopping and Yahoo! JAPAN Auction. We opened the

ZOZOTOWN store on Yahoo! JAPAN Shopping, an online shopping mall, and the ZOZOUSUED store was also opened on Yahoo! JAPAN Auction, an online auction service, in March 2024. In the consolidated cumulative first quarter of the current fiscal year, the merchandise value was 17,606 million yen (+22.0% YoY), accounting for 11.1 % of the gross merchandise value (10.2% in the same quarter of the previous fiscal year). Net sales (consignment sales commission) were 5,398 million yen (+21.8% YoY).

③ BtoB business

The BtoB business model includes building and operating brands' e-commerce websites and providing logistics services. In the consolidated cumulative first quarter of the current fiscal year, the merchandise value was 2,260 million yen (-28.6% YoY), accounting for 1.4% of the gross merchandise value (2.2% in the same quarter of the previous fiscal year). Net sales (consignment sales commission) were 373 million yen (-27.9% YoY). As of the end of June 2025, the number of consigned websites was 33 (32 as of the end of March 2025).

④ LYST

LYST operates a business model in which it earns performance-based commissions from partner brands that list their products on the fashion shopping platform "Lyst". LYST has been included in the consolidated group since May 2025. In the consolidated cumulative first quarter of the current fiscal year, the merchandise value was 7,562 million yen, accounting for 4.7% of the gross merchandise value. Net sales were 1,017 million yen.

⑤ Advertising business

The advertising business is a business model that generates advertising revenue by providing advertising space to client brands by utilizing the user reach base of ZOZOTOWN and WEAR by ZOZO. In the consolidated cumulative first quarter of the current fiscal year, net sales were 2,907 million yen (+9.3% YoY). As for WEAR by ZOZO, we continue to focus on expanding the number of users and content.

⑥ Others

The segment for "Others" within the gross merchandise value includes 1) the merchandise value of the stores that contracted "ZOZO Option" in the fashion category excluding ZOZOTOWN on Yahoo! JAPAN Shopping (service that enables those stores to get benefits from sales support such as participation in the special events by the Company), 2) the merchandise value from ZOZOMO, the system to support for sending customers to the physical stores from ZOZOTOWN, and 3) the merchandise value of "ZOZOSUIT" which is sold for a fee in the U.S. The merchandise value in the consolidated cumulative first quarter of the current fiscal year was 10,162 million yen, accounting for 6.4% of the gross merchandise value (6.5% in the previous fiscal year). As to sales of "Others", sales from businesses related to ZOZOTOWN (shipping income and settlement commission income, etc.), and sales related to the gross merchandise value (Others), which is mentioned above, are included. In the consolidated cumulative first quarter of the current fiscal year, net sales were 6,846 million yen (+4.7% YoY).

(2) Overview of financial position

Overview of total assets, liabilities, and net assets

(Unit: Million yen)

	Previous consolidated fiscal year	First quarter consolidated accounting period	Increase/ decrease rate
Total assets	187,810	167,576	-10.8%
Liabilities	89,090	79,249	-11.0%
Net assets	98,719	88,327	-10.5%

(Total assets)

Total assets amounted to 167,576 million yen, a decrease of 20,233 million yen (-10.8% from the previous consolidated fiscal year end). Current assets decreased by 46,594 million yen, or 31.6%, compared with the previous consolidated fiscal year end, amounted to 100,800 million yen. Major components are a decrease of 55,216 million yen in cash and deposits, an increase of 3,853 million yen in accounts receivable, etc. Non-current assets increased by 26,360 million yen, or 65.2%, compared with the previous consolidated fiscal year end, amounted to 66,776 million yen. Major components are an increase of 1,823 million yen in tangible assets, an increase of 19,685 million yen in goodwill, etc.

(Liabilities)

Liabilities amounted to 79,249 million yen, a decrease of 9,841 million yen (-11.0% from the previous consolidated fiscal year end). Current liabilities decreased by 11,674 million yen, or 14.6%, compared with the previous consolidated fiscal year end, amounted to 68,153 million yen. Major components are a decrease of 1,316 million yen in deposits received for consignment sales, a decrease of 7,865 million yen in income taxes payable, and a decrease of 2,017 million yen in the provision for bonuses, etc. Non-current liabilities increased by 1,832 million yen, or 19.8%, and amounted to 11,095 million yen compared with the previous consolidated fiscal year end. Major components are an increase of 149 million yen in retirement benefit liability, etc.

(Net assets)

Net assets amounted to 88,327 million yen, a decrease of 10,391 million yen (-10.5% from the previous consolidated fiscal year end). Major components are an increase of 11,376 million yen due to the recognition of profit attributable to owners of parent, and a decrease of 16,035 million yen due to cash dividends.

(3) Explanation of consolidated business forecast and other forward-looking statements

We have revised the consolidated business forecast for the fiscal year ending March 31, 2026, from the projection previously announced on April 30, 2025.

For further details, please refer to the "Notice Concerning the Revision of Consolidated Business Forecast For the Fiscal Year Ending March 2026", which was separately disclosed today.

2. Consolidated financial statements

(1) Quarterly consolidated balance sheet

(Unit: Million yen)

	Previous consolidated fiscal year (As of March 31, 2025)	First quarter consolidated accounting period of current fiscal year (As of June 30, 2025)
Assets		
Current assets		
Cash and deposits	91,486	36,269
Accounts receivable-trade	49,453	53,306
Merchandise and finished products	2,605	3,127
Raw materials and supplies	44	38
Others	3,805	8,058
Total current assets	147,394	100,800
Non-current assets		
Property, plant and equipment	25,447	27,270
Intangible assets		
Goodwill	668	20,353
Others	2,769	8,008
Total intangible assets	3,437	28,362
Investments and other assets	11,530	11,143
Total non-current assets	40,415	66,776
Total assets	187,810	167,576
Liabilities		
Current liabilities		
Accounts payable-trade	189	241
Deposits received for consignment sales	28,850	27,534
Short-term borrowings	20,000	20,164
Income taxes payable	12,423	4,558
Provision for bonuses	3,033	1,016
Provision for bonuses for directors	73	18
Others	15,257	14,619
Total current liabilities	79,828	68,153
Non-current liabilities		
Retirement benefit liability	4,787	4,936
Asset retirement obligations	4,339	4,413
Provision for loss on liquidation of affiliates	126	126
Others	9	1,619
Total non-current liabilities	9,262	11,095
Total liabilities	89,090	79,249

(Unit: Million yen)

	Previous consolidated fiscal year (As of March 31, 2025)	First quarter consolidated accounting period of current fiscal year (As of June 30, 2025)
Net assets		
Shareholders' equity		
Capital stock	1,359	1,359
Capital surplus	1,521	1,328
Retained earnings	106,787	91,830
Treasury stock	-11,581	-7,780
Total shareholders' equity	98,087	86,738
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	80	66
Deferred gains or losses on hedges	-9	-33
Foreign currency translation adjustment	171	1,170
Accumulated remeasurements of defined benefit plans	389	384
Total accumulated other comprehensive income	632	1,588
Stock acquisition rights	0	-
Total net assets	98,719	88,327
Total liabilities and net assets	187,810	167,576

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income

Quarterly consolidated statement of income

Cumulative consolidated results for the first quarter

(Unit: Million yen)

	Consolidated cumulative first quarter of previous fiscal year (April 1, 2024 to June 30, 2024)	Consolidated cumulative first quarter of current fiscal year (April 1, 2025 to June 30, 2025)
Net sales	50,387	54,028
Cost of sales	3,431	3,262
Gross profit	46,956	50,765
Selling, general, and administrative expenses	31,060	33,845
Operating profit	15,895	16,920
Non-operating income		
Interest income	2	0
Received rent	0	0
Operations support fee	1	1
Income from recycling	10	11
Subsidy income	1	-
Gain on unused points	40	43
Others	10	9
Total non-operating income	68	68
Non-operating expenses		
Interest expenses	24	63
Rent expenses	0	0
Foreign exchange losses	4	246
Loss on investments in partnership	41	39
Total non-operating expenses	70	350
Ordinary profit	15,892	16,638
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on liquidation of affiliates	61	-
Total extraordinary income	62	0
Extraordinary losses		
Loss on sale and disposal of non-current assets	8	0
Total extraordinary loss	8	0
Profit before income taxes	15,947	16,639
Income taxes-current	4,225	4,256
Income taxes-deferred	611	1,006
Total income taxes	4,837	5,262
Net profit	11,109	11,376
Net profit attributable to owners of parent	11,109	11,376

Quarterly consolidated statement of comprehensive income

Cumulative consolidated results for the first quarter

(Unit: Million yen)

	Consolidated cumulative first quarter of previous fiscal year (April 1, 2024 to June 30, 2024)	Consolidated cumulative first quarter of current fiscal year (April 1, 2025 to June 30, 2025)
Net profit	11,109	11,376
Other comprehensive income		
Valuation difference on available-for-sale securities	29	-14
Deferred gains or losses on hedges	63	-24
Foreign currency translation adjustment	65	999
Remeasurements of defined benefit plan	10	-4
Total other comprehensive income	169	956
Quarterly comprehensive income	11,278	12,332
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of parent	11,278	12,332

(3) Notes on quarterly consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

(Acquisition of treasury shares)

Based on the resolution of the Board of Directors dated April 30, 2025, the Company acquired 4,394,200 shares of treasury stock. As a result, treasury stock increased by 6,732 million yen during the first quarter of the fiscal year.

(Cancellation of treasury shares)

Based on the resolution of the Board of Directors dated April 30, 2025, the Company cancelled 9,390,171 shares of treasury stock. Accordingly, capital surplus and treasury stock decreased by 10,535 million yen during the first quarter of the fiscal year. As a result of the cancellation of treasury shares, the balance of other capital surplus turned negative. Accordingly, the entire negative balance was offset by other retained earnings, and the balance of other capital surplus was reduced to zero.

(Notes on segment information)

Disclosure is omitted because our group is a single segment of the e-commerce business.

(Notes on statements of cash flows)

Quarterly consolidated statements of cash flows for the consolidated cumulative first quarter of the current fiscal year have not been prepared. Depreciation and amortization (including amortization related to intangible assets excluding goodwill), and amortization of goodwill for the consolidated cumulative first quarter of the current fiscal year are as follows:

	Consolidated cumulative first quarter of previous fiscal year (April 1, 2024 to June 30, 2024)		Consolidated cumulative first quarter of current fiscal year (April 1, 2025 to June 30, 2025)	
Depreciation and amortization	1,032	Million yen	1,194	Million yen
Amortization of goodwill	62	Million yen	391	Million yen

(Matters related to the business combination)

1. Overview of business combination

(1) Purpose of the business combination through the share acquisition

LYST is a leading global fashion shopping platform featuring over 27,000 brands and more than 97 million SKUs.

While we have focused on market expansion through licensing our in-house technology and partnerships with local companies to date, we have decided to take a bold step forward by acquiring LYST to accelerate our growth in the global market. This acquisition is the cornerstone of our international expansion strategy.

(2) Name and business description of the acquired company

Company name: LYST LTD

Business description: Online fashion platform business

(3) Date of the business combination

April 18, 2025 (deemed acquisition date: April 30, 2025)

(4) Legal form of business combination

Acquisition of shares

(5) Name of the company after the business combination
LYST LTD

(6) Number of shares to be acquired and voting rights ratio
Number of shares: 58,675,198 shares
Voting rights ownership ratio: 100%

(7) Basis for determining the acquirer

The acquirer was determined based on the fact that ZOZO U.K. LIMITED, a newly established consolidated subsidiary in the United Kingdom by the Company for the purpose of acquiring LYST, obtained 100% of the voting rights through a cash-based share acquisition.

(8) Date of agreement execution
April 9, 2025

2. Period of the acquiree's performance included in the quarterly consolidated statement of income for the cumulative first quarter:

From May 1, 2025 to June 30, 2025

3. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for the acquisition: Cash, 22,094 million yen

Acquisition cost: 22,094 million yen

4. Details and amounts of major acquisition-related expenses

Advisory fees and other related costs: 1,130 million yen

5. Amount, cause, and amortization of goodwill

(1) Amount of goodwill recognized

19,327 million yen

The amount of goodwill has been provisionally calculated, as the purchase price allocation (PPA) related to the LYST acquisition has not yet been completed.

(2) Cause of goodwill

Primarily attributable to the expected future excess earnings derived from anticipated business development.

(3) Amortization method and period

Straight-line amortization over 10 years

6. Amounts of assets and liabilities assumed on the business combination date and their breakdown

Current assets	3,959 million yen
Non-current assets	1,790 million yen
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Total assets	5,750 million yen
Current liabilities	1,324 million yen
Non-current liabilities	938 million yen
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Total liabilities	2,262 million yen

7. Purchase Price Allocation (PPA)

As of the end of the first quarter of the current consolidated fiscal year, the identification of identifiable assets and liabilities and the determination of their fair values as of the acquisition date had not yet been completed. Accordingly, the Purchase Price Allocation (PPA) remains incomplete, and provisional accounting treatment has been applied based on the best available and reasonable information at the time.

DISCLAIMER:

This document is a summary translation of the Japanese version. All readers are recommended to refer to the original Japanese version for complete information. The Japanese version shall prevail in case of any discrepancy, errors, and/or omissions.